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C O N F I D E N T I A L SECTION 01 OF 03 ALGIERS 001279

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TAGS: [ECON](#) [PREL](#) [ETRD](#) [AG](#)
SUBJECT: NEW TELECOM MINISTER IDENTIFIES PRIORITIES,
OPPORTUNITIES

REF: A. 07 ALGIERS 1581
[1](#)B. ALGIERS 190

Classified By: Ambassador David D. Pearce; reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY: Minister of Post and Telecommunications Hamid Bessalah laid out for us an ambitious internet and telecom agenda that includes requests for U.S. engagement and assistance as well as opportunities for U.S. investment. Bessalah is a first-time minister who assumed his post in the June 23 cabinet reshuffle, tapped by Bouteflika to address two key priorities: internet penetration and the privatization of part or all of Algeria Telecom. Bessalah told us that a key part of Algeria's vision for the next five years is to increase the number of trained IT engineers and to launch portals for e-government and the provision of basic citizenship services and information. During a November 26 introductory meeting with Bessalah, the Ambassador pointed out the need to connect university research and development to the private sector, as occurs in Silicon Valley. Bessalah was enthusiastic about such avenues of engagement, welcomed U.S. expertise in making it happen, and stated flatly that he "saw no future" for Algeria without IT development. Bessalah's comments about Open Skies are reported septel.
END SUMMARY.

A NEW FIVE-YEAR PLAN

[1](#)2. (C) Bessalah began his meeting with the Ambassador by laying out the goals his ministry would be pursuing as part of President Bouteflika's new five-year plan, to run from 2009 to 2013. He said the cabinet is in the final stages of discussing the plan, which would be unveiled "in the very near future." Bessalah told the Ambassador that the economics portion will be based heavily on technology, with an emphasis on telecom infrastructure, particularly broadband capacity, much of which will be developed through Algeria Telecom. Bessalah asserted that the government "will intervene" to subsidize the development of this information highway, "as it did with the actual highway." E-government initiatives will also feature prominently in the plan, which will include online citizen services to enable the government "to approach the people." In addition to e-government services, Bessalah said there is a real need for simple information portals in urban neighborhoods that will provide information about local events and opportunities. Bessalah connected these initiatives to the future development and stability of Algeria, stating that "I cannot see a future without information technology."

[1](#)3. (C) Also included in Bouteflika's telecom and IT agenda

for the next five-year plan is the development of e-commerce, Bessalah said, which will be linked to liberalizing payments by cards with a chip. The Ambassador pointed out that this would also help the tracking of terrorist financing, and Bessalah agreed, adding that this development would have to come in tandem with protection against cybercrime. Bessalah said that U.S. firms are known to be strong in the areas of encryption (PKI) and data protection, and said Algeria would benefit from this expertise and possible investment. Bessalah added that Algeria was planning a backup information center to preserve data, along with a program to finance the training of both engineers and content providers.

A LAPTOP IN EVERY POT

¶4. (C) On the consumer end, Bessalah referred to Bouteflika's goal of providing each student with an affordable laptop, saying this was in development through partnership with Intel and Microsoft (reftels). An additional program to place one computer in each family was to be accelerated, according to Bessalah, and said his ministry was looking at ways to segment the population and aim this effort at particular demographics rather than at the entire population. He also said the government would provide assistance to cybercafe development, to increase penetration and also to promote internet centers as community spaces and gathering places for young people. Bessalah said there are currently some 5000 cybercafes across the entire country. In addition, Bessalah mentioned the technology park under development at Sidi Abdellah, near Zeralda in the western suburbs of Algiers.

ALGIERS 00001279 002 OF 003

The 100-hectare park is currently under development and is intended to provide buildings and infrastructure to accelerate the development of new IT companies and offer an environment "rich with ideas" for established IT entities.

THE PROBLEM OF EXPERTISE

¶5. (C) Algeria can currently produce up to 5000 IT specialists per year, at two institutes located in Oran and Algiers. The Oran center focuses on telecom engineering while the center in Algiers focuses on IT, and both offer the equivalent of a nationally-recognized Masters degree. Bessalah explained that training is a serious problem if it is not then followed by attractive salaries and a job market to match. The result has been a brain drain, as he said "you will find lots of Algerian IT experts all over the world." IT engineers, Bessalah told the Ambassador, do not earn enough in the public sector, which complicates his task of modernizing the Algerian government's IT infrastructure.

OPPORTUNITIES FOR THE U.S.

¶6. (C) Bessalah said that because of this dynamic, Algeria needed U.S. expertise at the university level, particularly in engineering and technology development. The Ambassador suggested that the key to avoiding the brain drain and keeping home-grown expertise at home was to link university engineering and research and development programs to the private sector, according to the "Silicon Valley model." Bessalah agreed, saying that Algeria's universities were not producing a product that connected to the actual job market and needs of the country. He asked the Ambassador for assistance in linking the Oran and Algiers training centers with U.S. university programs.

GUN-SHY ON TELECOM PRIVATIZATION

¶7. (C) In the telecom sector, Bessalah noted that low consumer prices for mobile phone service are the result of a liberalized market that features three competing service

providers. The sector was opened up by ordinance 2000-03, which allowed privatization and competition for both fixed and mobile phone service. Since then, Bessalah's ministry has crafted different levels of opening in the areas of licensing, bidding and authorization of service. However, Bessalah's emphasis on Algerie Telecom's land-line infrastructure as the backbone for looming broadband development has also resulted in a protectionist effort to insulate parts of it from true competition. Earlier this year, Egypt-based Orascom pulled out of its LACOM land-line venture after the post and telecom regulatory entity within Bessalah's ministry refused to grant it more lines. LACOM had started with an initial 12,000 lines, and had quickly proved far more efficient at initiating service and billing, according to our local staff. There is currently no land-line competitor for Algerie Telecom, as Bessalah prepares to use it as the vehicle for Bouteflika's information infrastructure campaign.

COMMENT: BESSALAH'S UPHILL BATTLE

18. (C) Bessalah is an expert in his field -- a novelty in the Algerian cabinet that often places political loyalty above actual knowledge or competence. His vision for Algeria's info-highway development offers hope, and he is the first minister we remember seeing actually take notes during a meeting with the Ambassador. As Bessalah indicated, Bouteflika is not pleased with the rate of internet development and we expect that it will be a prominent part of the next five-year plan currently under consideration by the cabinet. However, Bessalah seems aware that he will be swimming upstream, lacking sufficiently trained human resources to achieve rapid progress. Training 5000 IT experts per year, he conceded, is not enough, especially when many of them end up overseas. We will look for ways to use our exchange programs to provide Bessalah's ministry with greater detail on the private sector-university relationship that drove sustainable technological development in Silicon Valley. Bessalah is a fresh face in Bouteflika's cabinet,

ALGIERS 00001279 003 OF 003

and represents another ministry keen on cooperation, ready to welcome U.S. experts in the field of information technology and computer education -- and the English language training that accompanies it.
PEARCE